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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 18, 2000

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUA000029

Ex Parte: In the matter concerning the functional separation of incumbent electric utilities under the Virginia Electric Utility Restructuring Act.

ORDER PRESCRIBING NOTICE AND INVITING COMMENTS

Section 56-590 of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq. of the Code of Virginia) declares that all incumbent electric utilities shall functionally separate their generation, transmission and distribution services by January 1, 2002. The utilities are required to submit proposed functional separation plans to the Virginia State Corporation Commission by January 1, 2001.

Section 56-590 B 3 of the Act authorizes the Commission to impose conditions, as the public interest requires, upon its approval of an incumbent electric utility's plan for functional separation, including requirements that (i) such incumbent electric utility's generation assets or their equivalent remain available for electric service during the capped rate period as provided in § 56-582 and, if applicable, during any period the incumbent electric utility serves as a default provider pursuant to § 56-585, and (ii) such incumbent electric utility receives Commission approval for the sale, transfer or other disposition of its generation assets during the capped rate

period and, if applicable, during any period the incumbent electric utility serves as a default provider.

Pursuant to § 56-590 C, the Commission is also directed, to the extent necessary to promote effective competition in the Commonwealth, to promulgate regulations:

1. Prohibiting cost-shifting or cross-subsidies between functionally separate units;
2. Prohibiting functionally separate units from engaging in anticompetitive behavior or self-dealing;
3. Prohibiting affiliated entities from engaging in discriminatory behavior toward nonaffiliated units; and
4. Establishing codes of conduct detailing permissible relations between functionally separate units.

The regulations to be adopted in this proceeding will implement the functional separation requirements of the Virginia Electric Utility Restructuring Act, and are intended to aid incumbent electric utilities required to (i) functionally separate their generation, transmission and distribution services by January 1, 2002, and (ii) submit applications for such purpose to the Commission by January 1, 2001.

Upon consideration whereof, the Commission is of the opinion and finds that notice of this proposed rulemaking should be published in newspapers of general circulation throughout the Commonwealth; that this Order should be published in the Virginia Register of Regulations and that interested persons should be afforded an opportunity to file written comments or request a hearing on the proposed regulations appended hereto as Attachment A. Accordingly,

IT IS ORDERED THAT:

(1) Interested persons may obtain a copy of this Order, together with a copy of the proposed rules upon which comment is sought (Attachment A hereto), by directing a request in writing for the same to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Such requests shall refer to Case No. PUA000029.

(2) A copy of this Order and the proposed regulations shall also be made available for public review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, during its regular hours of operation, Monday through Friday, from 8:15 a.m. to 5:00 p.m.

(3) On or before May 22, 2000, any person desiring to comment upon the proposed regulations concerning functional separation shall file an original and fifteen (15) copies of their comments with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, making reference in such comments to Case No. PUA000029. Such comments should set forth the person's interest in this proceeding, and if such person objects to certain provisions of the proposed regulations, proposed alternative language for the regulations should be included in such person's comments.

(4) Any person desiring a hearing in this matter shall file such a request with their comments on or before May 22, 2000, and shall state in detail why a hearing is necessary. Such a request should identify the factual issues likely in dispute upon which the person seeks a hearing, together with the evidence expected to be introduced at any hearing. If no sufficient request for a hearing is received, the Commission may enter an order promulgating regulations upon the basis of the written pleadings filed.

(5) On or before May 2, 2000, the Commission will cause to be published the following notice as classified advertising on one occasion in newspapers of general circulation throughout the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF A PROCEEDING TO  
ESTABLISH REGULATIONS CONCERNING THE  
FUNCTIONAL SEPARATION OF INCUMBENT ELECTRIC  
UTILITIES IN REGIONAL TRANSMISSION ENTITIES  
CASE NO. PUA000029

The Virginia Electric Utility Restructuring Act ("the Act") in § 56-590 of the Code of Virginia, requires the State Corporation Commission ("Commission") to direct the functional separation of incumbent electric utilities' generation, transmission, and distribution services by January 1, 2002. Such utilities must submit proposed functional separate plans to the Commission by January 1, 2001. The Act also authorizes the Commission to address in conjunction with any utility's proposed functional separation plan the availability of generation assets for capped rate and default service during Virginia's transition to retail competition. The Commission is also directed by the Act to address permissible relations between functionally separate entities, and between such entities and nonaffiliated entities.

By Order entered on April 18, 2000, the Commission established a proceeding to consider regulations proposed by the Commission's Staff governing the functional separation of incumbent electric utilities' generation, transmission, and distribution services by January 1, 2002, as required by the Act. Interested persons should obtain copies of the Commission's April 18, 2000, Order with attached proposed regulations from the Clerk of the Commission at the address listed below. The Order and proposed regulations will also appear in the May 8, 2000, issue of The Virginia Register of Regulations.

A copy of the Order Prescribing Notice and Inviting Comments, together with the proposed regulations, may be reviewed from 8:15 a.m. to 5:00 p.m., Monday through Friday, in the State Corporation Commission's Document Control Center located at 1300 East Main Street, Tyler Building, First Floor, Richmond, Virginia 23219.

Any person desiring to comment upon the proposed regulations shall file, on or before May 22, 2000, an original and

fifteen (15) copies of their comments with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. The comments should set forth the person's interest in this proceeding, and if a person objects to certain provisions in the proposed regulations, such person should propose alternative language for the regulations in their comments. All such comments should refer to Case No. PUA000029.

Any person desiring to request a hearing in this matter shall file such a request with their comments on or before May 22, 2000, and shall state in detail why a hearing is necessary. Such a request should identify the factual issues upon which the party seeks hearing, together with the evidence expected to be introduced at any hearing. If no sufficient request for hearing is received, the Commission may enter an order promulgating regulations upon the basis of the written pleadings filed.

All communications to the Commission should be directed to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and should refer to Case No. PUA000029.

THE DIVISION OF PUBLIC UTILITY ACCOUNTING OF THE  
VIRGINIA STATE CORPORATION COMMISSION

- (6) On or before May 31, 2000, the Division of Public Utility Accounting shall file with the Clerk of the Commission proof of the publication of the notices required herein.

**Chapter 202.**

**REGULATIONS GOVERNING THE FUNCTIONAL SEPARATION OF INCUMBENT  
ELECTRIC UTILITIES UNDER THE VIRGINIA ELECTRIC UTILITY  
RESTRUCTURING ACT.**

20 VAC 5-202-10. Applicability and scope.

These regulations are promulgated pursuant to the provisions of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq. of the Code of Virginia), and they apply to all incumbent electric utilities subject to the provisions thereof. Section 56-590 of the Act declares that all incumbent electric utilities shall functionally separate their generation, transmission and distribution services by January 1, 2002. The utilities are required to submit proposed functional separation plans to the Virginia State Corporation Commission by January 1, 2001.

Section 56-590 B 3 of the Act authorizes the Commission to impose conditions, as the public interest requires, upon its approval of incumbent electric utilities' plan for functional separation, including requirements that (i) incumbent electric utilities' generation assets or their equivalent remain available for electric service during the capped rate period as provided in § 56-582 and, if applicable, during any period incumbent electric utilities serve as default providers pursuant to § 56-585, and (ii) incumbent electric utilities receive Commission approval for the sale, transfer or other disposition of generation assets during the capped rate period and, if applicable, during any period incumbent electric utilities serve as default providers.

Pursuant to § 56-590 C, the Commission is also directed, to the extent necessary to promote effective competition in the Commonwealth, to promulgate regulations:

1. Prohibiting cost-shifting or cross-subsidies between functionally separate units;

2. Prohibiting functionally separate units from engaging in anticompetitive behavior or self-dealing;

3. Prohibiting affiliated entities from engaging in discriminatory behavior toward nonaffiliated units; and

4. Establishing codes of conduct detailing permissible relations between functionally separate units.

Additionally, Section 56-590 F provides, in pertinent part, that nothing in the Virginia Electric Utility Restructuring Act shall be deemed to abrogate or modify the Commission's authority under Chapters 3 (§ 56-55 et seq.), 4 (§ 56-76 et seq.) or 5 (§ 56-88 et seq.) of Title 56 of the Code of Virginia.

These regulations, therefore, implement the statutory provisions of the Virginia Electric Utility Restructuring Act described above, and are intended to aid incumbent electric utilities required to (i) functionally separate their generation, transmission and distribution services by January 1, 2002, and (ii) submit applications for such purpose to the Commission by January 1, 2001. Such regulations shall not, however, be deemed to modify or supercede any regulations adopted by the Commission concerning the relationships between incumbent electric utilities and any company licensed by the Commission to provide competitive energy services, which regulations shall include the Commission's Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs and any successor regulations thereto.

20 VAC 5-202-20. Definitions.

The following words and terms when used in this chapter shall have the following meaning unless the context clearly indicates otherwise:

“Act” means the Virginia Electric Utility Restructuring Act.

“Affiliated generation company” means a generation company that controls, is controlled by, or is under common control with a local distribution company.

“Commission” or “SCC” means the Virginia State Corporation Commission.

“FERC” means the Federal Energy Regulatory Commission.

“Generation company” means a person owning, controlling, or operating a facility that produces electric energy for sale to wholesale customers.

“Incumbent electric utility” shall have the same meaning as set forth in § 56-576 of the Code of Virginia.

“Local distribution company” means the entity regulated by the Virginia State Corporation Commission that owns or controls the distribution facilities required for delivery of electricity to the end-user.

“Market price” or “market value” means the value of goods or services determined through such methods as competitive bidding, appraisals, catalog listings, sales to third parties and asset replacement cost determinations.

“Person” shall have the same meaning as set forth in § 56-576 of the Code of Virginia.

“Transmission provider” means an entity regulated by the Federal Energy Regulatory Commission (FERC) that owns and/or operates the transmission facilities required for the delivery of electricity to local distribution companies or end-users.



20 VAC 5-202-30. Relations between affiliated functionally separated entities; SCC oversight.

The following provisions apply to (i) the relationships between affiliated functionally separate entities following the Commission's approval of their functional separation, and (ii) the Commission's oversight of such functionally separate entities:

1. To the extent local distribution companies administer or otherwise furnish fuel procurement or fuel supply services, such companies shall give no undue preference to any affiliated generation company over the interest of any other generation company relating to the provision of fuel or fuel supply resources. For purposes of this subdivision, "undue preference" means a preference that is reasonably likely to affect adversely the development of effective competition within the Commonwealth.
2. To the extent local distribution companies administer or otherwise furnish fuel procurement or fuel supply services, such companies shall provide information related to fuel or fuel supply resources to an affiliated generation company only if it makes such information simultaneously available, through an electronic bulletin board or similar means of public dissemination, to all other generation companies conducting business in Virginia. Nothing in this subdivision shall require any local distribution company to disseminate to all generation companies information requested and deemed competitively sensitive by a generation company and supplied by the local distribution company. This subdivision is not applicable to daily operational data provided by the local distribution company to any generation company in the ordinary course of conducting business.
3. Affiliated local distribution and generation companies shall maintain separate records and books of account.

4. a. Each local distribution company shall establish and implement internal controls designed to ensure that such company and its employees who are engaged in (i) merchant operations, transmission, or reliability functions of electric generation or natural gas supply systems, or (ii) customer service, sales, marketing, accounting or billing functions of any such systems, have no access to, or connection with, similar functions performed by or on behalf of any affiliated generation company if that access or connection would give any such affiliated generation company an undue advantage over non-affiliated generation companies. For purposes of this subdivision, "undue advantage" means an advantage that is reasonably likely to affect adversely the development of effective competition within the Commonwealth.
- b. Each local distribution company shall file with the Director of the State Corporation Commission's Division of Public Utility Accounting, a listing and description of all internal controls implemented pursuant to this section, not later than 60 days after the Commission issues an order authorizing the functional separation of such local distribution company from an incumbent electric utility's generation and transmission services.
5. Local distribution companies shall be subject to the following requirements concerning affiliate transactions:
  - a. Local distribution companies shall be compensated at the greater of fully distributed cost or market price for all non-tariffed services, facilities, and products provided to an affiliated generation company. An affiliated generation

company shall be compensated at the lower of fully distributed costs or market prices for all non-tariffed services, facilities, and products provided to the local distribution company. If market price data are unavailable for purposes of such calculations, non-tariffed services, facilities and products shall be compensated at fully distributed costs. In such event, the local distribution company shall document its efforts to determine market price data and its basis for concluding that such price data are unavailable. Notification of a determination of the unavailability of market price data shall be filed by the local distribution company with the Director of the State Corporation Commission's Division of Public Utility Accounting within 30 days of any such transaction.

b. Local distribution companies shall file annually, with the Director of the State Corporation Commission's Division of Public Utility Accounting, a report that shall, at a minimum, include: (i) the amount and description of each type of non-tariffed service provided to or by an affiliated generation company; (ii) accounts debited or credited; and (iii) the compensation basis used (i.e., market price or fully distributed cost). The local distribution company shall make available to the Commission's staff, upon request, the following documentation for each agreement and arrangement where services are provided to or by an affiliated generation company: (i) component costs (i.e., direct or indirect labor, fringe benefits, travel or housing, materials supplies, indirect miscellaneous expenses, equipment or facilities charges, and overhead); (ii) profit component; and (iii) comparable market values and documentation.

6. Affiliated generation and local distribution companies shall document each occasion that (i) an employee of one becomes an employee of the other or of any transmission provider that services either, or (ii) an employee of any transmission provider that services any such affiliated distribution company or generation company becomes any employee of either. Upon request of the Commission's staff, such information shall be filed with the Commission identifying each such employment described in this subdivision. This information shall include a listing of each employee transferred and a brief description of each associated position and responsibility.
7. The State Corporation Commission may inspect the books, papers, records and documents of, and require special reports and statements from, every generation company affiliated with a local distribution company regarding (i) such generation company's qualifications to conduct business within the Commonwealth, and (ii) transactions with its local distribution company affiliate. Upon complaint or on its own initiative, the Commission may also (i) investigate alleged violations of this chapter, and (ii) seek to resolve any complaints filed with the Commission against any such affiliated generation company.
8. Requests for waivers of any of the provisions of this chapter shall be considered by the State Corporation Commission on a case-by-case basis, and may be granted upon such terms and conditions as the State Corporation Commission deems appropriate in the public interest.

A. Each incumbent electric utility required by the Act to functionally separate its generation, transmission and distribution services shall submit a plan to the Commission therefor by January 1, 2001, conforming to the requirements set forth below. In addition to information specifically required under this chapter, the incumbent electric utility shall provide any information or documentation it believes will assist the Commission in evaluating such utility's functional separation plan.

B. Each plan submitted by an incumbent electric utility shall, at a minimum, contain the following provisions or information:

1. A table of contents detailing the plan's components, that shall include, at a minimum, a list of testimonies, schedules, supporting witnesses and issues addressed.

2. An executive summary of the functional separation plan that shall include the following:

a. An overview of the present structure of the integrated utility.

b. An overview of the proposed functional separation plan, including but not limited to, the following issues or matters:

(1) The specific type of functional separation proposed (e.g., transfer to an affiliate or division, divestiture, etc.) with an assessment of how such method will comply with § 56-590.

(2) A timeline for implementing the functional separation plan's major components.

(3) A description of measures proposed to ensure that the proposed plan of functional separation will not jeopardize or impair the safety or

reliability of the incumbent electric utility's generation, transmission, and distribution systems.

(4) The estimated amount of assets and liabilities (including deferred taxes) proposed to be transferred to each functionally separate entity or third party.

(5) The estimated cost of the proposed plan of functional separation.

(6) Measures proposed in the plan to enable the incumbent electric utility to (i) meet potential obligations to provide capped rate service and default service, and (ii) assure that generation assets or their equivalent remain available during the capped rate and default service periods established under the Act.

(7) An assessment of the incumbent electric utility's intentions to request or not request a wires charge, and the basis for any such request.

c. A list of specific approvals sought by the incumbent electric utility in conjunction with its functional separation plan, identifying the Virginia Code sections under which each such approval is sought, and describing the proposed timeframe for each such approval.

d. A summary of any other information the incumbent electric utility believes will be helpful to the Commission in assessing the proposed functional separation plan.

e. Waivers that any incumbent electric utility is requesting in connection with a proposed functional separation plan that relate to the requirements of this section, and the reasons therefor.

f. Exemptions that any incumbent electric utility is requesting pursuant to § 56-590 F from the provisions of Chapter 5 (56-88 et seq.) of Title 56 of the Code of Virginia, to the extent that any such incumbent electric utility's proposed functional separation plan includes a covered transaction otherwise subject to the provisions of § 56-590 D.

3. An assessment of the financial impact of the proposed functional separation plan, including information concerning the following:

a. The likely impact of the proposed functional separation on the capital structure of the incumbent electric utility and the proposed companies, identifying important accounting and divestiture timing implications for interim capital structures.

b. The anticipated long-term capital structures of the functionally separate entities resulting from the proposed plan, including (i) targeted credit ratings for each functionally separate entity; and (ii) pro forma capital structures proposed by the targeted implementation date for functional separation, and on December 31, 2003, and December 31, 2006. If any such proposed functionally separate entities will have non-investment grade credit rating targets, incumbent electric utilities shall describe all credit support agreements intended to benefit such entities.

- c. The anticipated financing of future assets for each functionally separate entity resulting from the proposed plan (e.g., variable rate credit facility, parental equity infusion, project debt financing, parental guaranteed financing, etc.).
- d. All mediation steps taken to avoid violating any existing debt indentures, including tax-exempt financing.
- e. Expected transaction costs or refinancing costs required to effect functional separation, including (i) descriptions of methods for determining call premiums on debt or preferred securities, and (ii) descriptions of all terms and conditions for any common stock reacquisition plans, e.g., Dutch Auctions, privately negotiated transactions, open market purchases, etc.
- f. Any changes to existing credit support arrangements or any new credit arrangements likely to result from the plan.
- g. The intended use of cash proceeds in the event of divestiture, e.g., to pay down existing debt, repurchase common stock, acquire additional assets, etc. The information furnished shall also include a description of any change in parent company dividend policy resulting from any such divestiture.
- h. Methods proposed for allocating any net gains or net losses between ratepayers and shareholders in the event of divestiture. Such information shall include excerpts from any state or federal commission orders or settlements supporting the proposed methodology.



- i. Any current or anticipated Securities and Exchange Commission (SEC) authorizations to issue securities supporting the proposed functional separation plan.
- j. Any proposed dividend policy concerning dividends from any proposed functionally separate entity to any parent entity thereof following functional separation.
- k. The manner in which any assets are proposed to be transferred in the form of a dividend from any proposed functionally separate entity to any parent entity thereof incident to functional separation.
- l. The financial impact on the incumbent electric utility's Virginia customers of divesting or transferring such utility's generation assets to a third party or affiliate, as compared to the financial impact on such customers resulting from the incumbent electric utility retaining generation assets specific to its Virginia load throughout the Act's prescribed capped rate and default service periods.
- m. An assessment of the incumbent electric utility's intentions to request or not request a wires charge, and the basis for any such request. This information shall include a description of (i) how the incumbent electric utility will account for the wires charge and, (ii) how the wires charge will impact the financial statements.
- n. Any other financial information relevant to the incumbent electric utility's proposed functional separation plan.

4. Information concerning the proposed structure of each functionally separate entity, as follows:

a. The legal structure of each functionally separate entity proposed in the functional separation plan, e.g., corporation, limited liability company, limited liability partnership, etc.

b. The names and addresses of each proposed functionally separate entity's officers and directors, or their equivalents.

c. The location and mailing address of each proposed functionally separate entity's headquarters.

d. A description of how functional separation requirements in any other states have affected, or may affect, the incumbent electric utility, its structure and operations.

e. A description of all federal agency approvals required in connection with the execution and implementation of the incumbent electric utility's proposed functional separation plan, identifying any state commission findings (i) required in conjunction with such federal agency approvals, or (ii) otherwise required pursuant to federal law.

f. A timeline for implementing major elements of the functional separation plan.

5. Information concerning separation of functions and operations, as follows:

a. A description of the products and services to be offered by any proposed functionally separate entity.

- b. A description of functions and services to be transferred from the incumbent electric utility to any proposed functionally separate entity.
  - c. A description of competitive services to be offered by the incumbent electric utility.
  - d. Information concerning the total number of incumbent electric utility employees likely to be (i) transferred to any proposed functionally separate entity, or (ii) jointly employed by the incumbent electric utility and any proposed functionally separate entity, following functional separation.
  - e. A detailed description of measures proposed to ensure the safety and reliability of the incumbent electric utility's generation, transmission and distribution system in conjunction with functional separation.
  - f. An estimate of the cost of functional separation, and an explanation of how the costs thereof will be shared between the incumbent electric utility and proposed functionally separate entities.
6. Information concerning asset and liability transfers or sales, as follows:
- a. A list of assets or liabilities that the incumbent electric utility proposes to transfer to a functionally separate entity or proposes to sell to a third party. The list shall include the FERC account number, book value, fair market value, proposed transfer date and the recipient of the assets or liabilities.
  - b. The method used to value the transfer of assets to a functionally separate entity or to a third party, and justification for the chosen methodology.

Information furnished shall include documentation supporting the valuation and transfer thereof.

c. A list of all long-term power contracts proposed for transfer from the incumbent electric utility to functionally separate entities. Information furnished shall include the length and anticipated expiration date of each contract, annual cash payments for power, and the market value of each power contract for each year of its remaining life.

d. Detailed documentation supporting (i) the accounting for the proposed transfer or divestiture of generation assets, and (ii) projected impacts of such transfers or divestiture on current and deferred income taxes. The information furnished shall include the income statement and balance sheet effects of income taxes, both before and after the proposed transfer or divestiture.

e. A copy of the proposed system of accounts that any affected affiliated generation company will use for booking purposes.

f. A list of new investments (including amounts and time period) necessitated by the incumbent electric utility's proposed functional separation plan.

g. In furtherance of the Commission's responsibility under § 56-590 B 3, each incumbent utility shall provide an assessment of how its proposed functional separation plan advances or satisfies such utility's obligation to make electric service available at the capped rates established under § 56-582 D.

h. In furtherance of the Commission's responsibility under § 56-590 B 3, each incumbent utility shall provide an assessment of how its proposed functional separation plan advances or satisfies such utility's potential obligation to provide electric service as a default supplier pursuant to § 56-585. Such assessment shall include a detailed description of pricing and capacity if the incumbent electric utility proposes to utilize equivalent generation in satisfaction of such obligation.

i. An analysis comparing the cost of obtaining equivalent generation to the cost of retaining generation assets, if the incumbent electric utility proposes to divest all or part of its generation assets supporting its Virginia load. The information furnished shall explain how such equivalent generation will provide reliability and capacity that is at least comparable to that provided by the generation assets currently held by the incumbent electric utility. Additionally, the information shall include the incumbent electric utility's assessment of how obtaining equivalent generation is in the public interest.

7. Information concerning a cost of service study as follows:

a. A cost of service study reflecting total company and total Virginia operations. The FERC seven factor test as set forth in FERC Order 888, Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities,<sup>1</sup> or any subsequent method for separation of transmission and distribution adopted by the FERC, shall be used to identify federal and state regulated transmission.

- b. A cost of service study that separates total Virginia operations identified in subdivision 7a above into Virginia jurisdictional and Virginia non-jurisdictional operations.
- c. A cost of service study that separates Virginia jurisdictional operations established under subdivision 7b above, by class and function utilizing the rate of return approved by the Commission in the incumbent electric utility's most recent rate case or alternative regulatory plan. Class costs shall be subdivided by generation, transmission, distribution, metering, billing, and other customer services as may be warranted and required by the Commission. Such divisions shall be further subdivided as demand, energy and customer. The class study shall include computations of the average price per unit for these various subdivisions.
- 8. Changes proposed to the local distribution company's distribution and default service tariffs, rates, terms and conditions.
- 9. A description of how the incumbent electric utility's proposed functional separation will comply with 20 VAC 5-202-30.
- 10. Requests by the incumbent electric utility for confidential treatment of any information furnished in a proposed functional separation plan that such utility deems confidential. Such request shall also provide, in detail, the reasons for any such requests.
- 11. Waivers requested by any incumbent electric utility pertaining to the application of any rule under this chapter. The incumbent electric utility's application shall include a detailed explanation of any waiver requested and the reasons therefor.

12. Exemptions that any incumbent electric utility is requesting pursuant to § 56-590 F from the provisions of Chapter 5 (56-88 et seq.) of Title 56 of the Code of Virginia, to the extent that any such incumbent electric utility's proposed functional separation plan includes a covered transaction otherwise subject to the provisions of § 56-590.

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<sup>1</sup> Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 61 FR 21,540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996) (Order No. 88), order on reh'g, Order No. 888-A, 62 FR 12,274 (March 14, 1997), FERC Stats. & Regs. ¶ 31,048 (1997) (Order No. 888-A), order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998), appeal docketed, Transmission Access Policy Study Group, et al. v. FERC, Nos. 97-1715 et al. (D.C. Cir.).